MINORITY REPORT

OF THE

COMMITTEE ON RAILWAYS

IN RELATION TO

THE HOOSAC TUNNEL

AND THE

RAILROADS LEADING THERETO,

WITH

A BILL

TO INCORPORATE THE STATE BOARD OF TRUSTEES OF THE HOOSAC TUNNEL RAILROAD;

ALSO THE

SPEECH DELIVERED BY

Hon. E. P. CARPENTER,

IN THE

Senate of Massachusetts, June 3, 1873,

In Support of the Same.

BOSTON:
WRIGHT & POTTER, STATE PRINTERS,
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1873.

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Commonwealth of Massachusetts.

House of Representatives, April 23, 1873.

The undersigned, members of the Committee on Railways, to whom was referred "An Act to provide for the Consolidation of the Hoosac Tunnel line of Railroads from Boston to Troy," and the petition of the Boston and Lowell Railroad Company for amendment of the charter of the Great Northern Railroad, and many petitions and remonstrances relative to the disposal of the Troy and Greenfield Railroad and Hoosac Tunnel, respectfully submit a

MINORITY REPORT:

The Committee, after public notice to all parties in interest, commenced its hearings upon the subject-matter of these petitions on the twenty-ninth day of January, and finally closed them on the twenty-first day of March. Under the authority granted by the legislature, a reporter was employed by the Committee, by whom a verbatim report was made of all the testimony and arguments submitted to the Committee. This has been printed for the use of the Committee and of the legislature, and is now accessible to members.

Many parties were represented by counsel, and various plans were presented.

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The first proposal was that of the Troy and Boston, and Vermont and Massachusetts Railroad Companies, for a consolidation under one corporation of the direct line between Boston and Troy.

The second, for a consolidation of the Boston and Lowell and Fitchburg Railroad Companies, with authority to lease or purchase the lines to the tunnel and to Ogdensburg, placing under the control of one corporation about fifteen hundred miles of railroad.

Third, the proposition was urged upon the Committee to provide for the acquisition by the State of the Tunnel Line.

The attendance before the Committee was not limited to the representatives of corporations directly or indirectly interested in the result. Committees of the Board of Trade and other commercial associations, and many private citizens to some extent represented the public interests; while the larger audiences in attendance upon the sessions of the Committee attested the deep interest of the business community in the subject-matter under discussion.

The problem before the Committee was to determine how the people of this Commonwealth could derive the greatest benefit from the construction of the tunnel which has involved so large a public expenditure.

The relations of the State to this enterprise have greatly changed since its commencement. The tunnel was projected as a private enterprise, which was first aided by the State by a loan of its credit.

It was doubtless then intended that the tunnel when completed should form a part of the through line over the Fitchburg, Vermont and Massachusetts, Troy and Greenfield, and Troy and Boston Railroads, to be owned and controlled by these corporations like the rest of the line. This project failed. The Troy and Greenfield Railroad Company was unable with the state loan to complete the tunnel, and after great delays and difficulties, surrendered

its railroad and the incomplete tunnel to the Commonwealth, which has since carried on the work at the public charge. Its completion within the current year may be expected, and the total expenditure from the treasury of the State will amount, including interest, to about $12,000,000. This expenditure is a charge upon the people and the property of the whole State.

It seems improbable that any disposition can be made of the tunnel which can return to the treasury the whole sum expended, and it is for the legislature to determine how far a return can be made to the people of the State from this great public expenditure, in increased means of transportation and a reduction of rates which are now a burden upon the whole community. Since the tunnel was projected, new lines of railroad have been built which give to nearly every portion of the State direct access to the tunnel and through it to the great West.

In the progress of the hearing certain points were made tolerably clear.

First, That the tunnel itself should be so far held and controlled by the State as to insure its use on equal terms by all parties.

Second, That some consolidation of the line or lines working through the tunnel was essential to secure efficiency of action, and to provide for the great business awaiting the completion of the tunnel.

Third, That to provide equipment and terminal facilities for such a business, the weak and disjointed separate corporations were inadequate, and that it was particularly desirable that some action should be taken at the present session of the legislature.

The policy of direct state ownership was strongly pressed upon the Committee by the railroad commissioners and other parties. The address of Mr. Adams, in behalf of the commissioners, upon this subject, is contained in the printed report, and is a clear and able statement in

behalf of this policy. While the experiment has been tried in other States, and under other circumstances has failed, we do not think it is to be condemned for this reason. These experiments were tried before the development of the railroad system, and generally in thinly-peopled States, where state construction of railroads was a political necessity to supplement private capital that could see no inducement for investment.

In the days when state management failed, corporation management failed to quite as great an extent.

The statement of Mr. Adams, in regard to the results of the system in Belgium, are very striking, and in England the current seems to be settling in favor of the assumption of the railroads by the government.

To any careful observer of the railroad development of the past twenty-five years, there can be little doubt of a like progressive increase in this business in the future.

If the benefit of this increase in business can be secured to the people who furnish the traffic, instead of to the corporations who provide the capital, an immense public benefit will follow. The most valuable experiment to be tried at the present day is to ascertain how cheaply railroad transportation can be afforded. Corporations formed to make money for their stockholders, can hardly be expected to fairly try this experiment. The greatest need of this Commonwealth is cheap transportation. To secure this the Hoosac Tunnel has been constructed at a cost of $12,000,000 of public money.

We are fully convinced that to secure to the people the full advantages to be derived from the construction of this new avenue to the West, and to secure equal rights to all parties desiring to use it, the State must not part with the control of the tunnel. We are equally convinced that to secure efficiency in the lines working through the tunnel, consolidation is necessary, and that the tunnel itself

must be worked and managed for all parties using it, by one head.

It would follow that the State, retaining the tunnel, should operate it, and should also own or control one line of road between Boston and the West, at the same time giving to all parties, without discrimination, equal advantages to the tunnel. The state management cannot afford to be unjust or to discriminate.

No private corporation can be trusted when its own interests may conflict with the interests of other and perhaps rival corporations, to establish or to enforce rules for the transaction of such business. We therefore report and recommend the passage of the accompanying Bill: "To incorporate the State Board of Trustees of the Hoosac Tunnel Railroad."

Its purpose is to form a corporation for the management of the Troy and Greenfield Railroad and Hoosac Tunnel, with all the powers of a railroad corporation. It is to be composed of five trustees, to be appointed by the governor and council, each to hold office for five years, and one of whom shall be appointed annually. To these five state trustees are to be added not exceeding three, one by each of the railroad corporations whose property may be acquired or managed under the terms of the Act.

Instead of directly purchasing the railroads constituting the direct line, provision is made for leasing these railroads by the new corporation upon terms which are fair and equitable for all parties. The returns to the railroad commissioners show that the average expense of operating the railroads of this State is seventy-five per cent. of the gross income. We therefore propose to set apart for the benefit of each of these corporations twenty-five per cent. of the gross income of its railroad, out of which shall be paid a yearly rental; and that they may not in any event be losers by the experiment, it is proposed to guarantee to them an amount sufficient to pay to their stockholders

the dividends they are now paying, with liberty to increase to the maximum which law or custom permits our railroad corporations to pay.

That such a lease would receive the assent of the companies interested, we have strong reasons to believe.

It secures to the stockholders the dividends they are now receiving. It secures also to them the benefit of any increase of business likely to accrue from the completion of the tunnel, to as full an extent as they can hope to benefit by it. No railroad corporation ought ever to pay more than ten per cent. dividends, and the legislature would undoubtedly, under its power to regulate tolls, interfere to prevent greater dividends.

While these corporations are thus interested in the earnings of the roads, the bill provides that they should be represented in their management. We shall thus secure the services of persons familiar with the local business and history of the separate roads, and although forming only a minority of the board of management, they must have an important influence in the direction of its affairs.

The benefits to be gained by the State by this arrangement are obvious and manifold.

It retains state ownership and management of the tunnel.

It secures to all corporations desiring to use the tunnel equal rights.

It secures to the Commonwealth the full value of its investment, whatever future developments of business shall prove that value to be.

It assumes the establishment of a strong corporation, able to provide all equipment and terminal facilities which any future increase of business may render necessary or advisable.

It meets all the presumed advantages of state acquisition of the railroads, without that disturbance and removal of capital which must follow the purchase of the railroads by the State.

It can furnish capital for the improvement of the line at a cheaper rate than any consolidated company can procure it; and cheap capital in disinterested hands secures *cheap* transportation.

It enables the State to try fairly and fully the experiment of cheap transportation.

It creates a corporation which cannot combine with other corporations, nor can its stock be purchased or in any way controlled by outside parties, and is strong enough to compete successfully with the powerful corporations of neighboring States.

Such a management we believe would be efficient and reliable beyond that of ordinary railroad corporations. It would combine to a great degree the advantages of state and corporate management. The governor and council could be depended upon to appoint suitable persons as trustees. The railroad corporations would naturally appoint their most efficient agents as trustees. Such a board could find no difficulty in securing the services of the ablest railroad officers to direct and aid in the management.

It remains to refer briefly to the other propositions before the Committee.

First, to that of the Boston and Lowell Railroad Company to unite with the Fitchburg. This is a proposal to unite two lines in some degree rival and competing. They are rival lines to some extent for local business. They form parts of rival lines for distant business with the North and West. It is a new proposition in this Commonwealth to unite rival and competing lines. This competition will be increased with the opening of the tunnel line. The Lowell is the natural terminus of the Northern line, and the Fitchburg is the natural terminus of the tunnel line. Whatever advantages may accrue to the corporations themselves from such a consolidation, the public results will be unmitigated evil. Not one witness uncon-

nected with the interested corporations appeared before the Committee to testify in favor of such a consolidation. The evidence against it was strong and conclusive. The Northern line by way of the Lowell and Vermont Central was shown to be of great value to Boston and to Massachusetts. It is now in a measure consolidated under contracts having twenty years to run, and it is surely bad policy for the Commonwealth, having expended $12,000,000 to create a new line, to commence its operations with the destruction of one in full and vigorous existence. Moreover, such a consolidation threatens more than anything else state control of the tunnel itself. A powerful corporation, owning the whole line except the tunnel, would soon compel the transfer of that, and until such transfer, would throw upon the State as the owner of the tunnel the responsibility for all the sins and omissions of the line.

The important question of an interchange of depots and tracks by the railroads entering Boston on the north has been somewhat involved in this hearing.

The avoidance of railroad crossings is undoubtedly of great importance, but it has no proper connection with the disposal of the tunnel. The Eastern Railroad Company and Boston and Maine Railroad are agreed what changes can and should be made to avoid these crossings. All that is essential to secure this end is to remove the passenger station of the Fitchburg Railroad west of the Lowell, where it properly belongs. The legislature has full power in the premises. It can, independently of any consolidation, require the Fitchburg Railroad Company to provide passenger accommodations west of the Lowell station, and thus leave its present station on Causeway Street free for the use of the Eastern Railroad Company.

If the State acquires the Fitchburg Railroad under this Act, it can easily provide for the change. The whole question of interchange of depots is independent of the

far more important question of the disposition of the tunnel, and should not control it. If the Lowell Railroad can provide for the wants of the Fitchburg Railroad Company in its passenger station after consolidation, it can do so without consolidation.

Respectfully submitted by

E. P. CARPENTER,
J. K. BAKER,
T. W. WELLINGTON,
WILLIAM BAKER,
Members of the Committee on Railways.

Commonwealth of Massachusetts.

In the Year One Thousand Eight Hundred and Seventy-Three.

AN ACT

To incorporate the State Board of Trustees of the Hoosac Tunnel Railroad.

Be it enacted by the Senate and House of Representatives, in General Court assembled, and by the authority of the same, as follows:

SECT. 1. The governor, with the advice and consent of the council, shall, as soon after the passage of this act as may be convenient, appoint five persons, citizens of this Commonwealth, who shall, on or before the first day of July next, take the interest of the Commonwealth in the Troy and Greenfield Railroad, and the Hoosac Tunnel when it shall be completed by the contractors, and all the property and interest of the Commonwealth in the Southern Vermont Railroad Company, and hold the same in trust for the purposes hereinafter named, one of whom shall hold his office for five years, one for four years, one for three years, one for two years and one for one year, from the day of . Before the

first day of July in each year, one such trustee shall be appointed for the term of five years; upon the occurrence of a vacancy before the expiration of a term, an appointment shall be made for the remainder of such term.

SECT. 2. Said trustees are hereby created a railroad corporation under the name of the State Board of Trustees of the Hoosac Tunnel Railroad, and shall have all the powers and privileges, and be subject to the duties, restrictions and liabilities set forth in the general laws relating to railroads, so far as the same may be applicable and not inconsistent with the provisions of this act.

SECT. 3. Before entering upon their duties, said trustees shall be sworn to the faithful performance of the same. They shall organize by the election of a president, who shall be one of said trustees, a clerk and such other officers as shall be necessary, and they shall prepare by-laws in accordance with which their meetings shall be held.

SECT. 4. Said board of trustees shall have sole charge, direction and control, subject to the provisions of this act, of the Troy and Greenfield Railroad and of the Hoosac Tunnel, when said tunnel shall be completed by the contractors of the Southern Vermont Railroad, and of such other railroads as may be leased or acquired under the provisions of this act. They shall appoint a treasurer, a general manager, whenever they deem such an officer necessary, one or more superintendents and such other agents as may be required for the operation of said railroads and tunnel, and they shall define the duties and fix the

compensation of such officers and agents. They shall establish rates for the transportation of passengers and merchandise, and make contracts and arrangements with connecting roads in relation to joint rates and joint business, and they may do all other things, not inconsistent with the provisions of this act and the general laws in relation to railroads, which may be necessary for the efficient and economical operation of said railroads and tunnel.

SECT. 5. Said board of trustees shall hold in trust all moneys received from the operating of said railroads and tunnel, and all moneys which may be appropriated by the Commonwealth for the completion, extension and improvement of said railroads and tunnel and for the equipment thereof, and shall faithfully apply the same. They shall annually pay into the treasury of the Commonwealth the net income received from said roads and tunnel after the payment of the expenses; and the same shall be set apart, under the direction of the governor and council, and applied in such manner and at such times as they shall direct to either or all of the following purposes: the extinction of any indebtedness, or payment of interest thereon, which the Commonwealth may at any time incur to carry out the purposes of this act, or any act in addition to or amendment thereof; the extinction of the indebtedness, or payment of interest thereon, which has been or may be incurred in the construction of the Hoosac Tunnel; and the purchase of stock in any company which shall lease its franchises, railroad and property in perpetuity to the corporation herein before created.

Sect. 6. Said board of trustees shall make a semi-annual report to the governor and council of their doings during the six months next preceding, and of their receipts and expenditures, and shall make an annual report to the board of railroad commissioners in the manner and form and at the time prescribed for railroad corporations.

Sect. 7. Said trustees shall receive, in full compensation for their services as such, the sum of five thousand dollars each per annum, except the president of the board, who shall receive eight thousand dollars, which sums shall be charged to operating expenses. No trustee shall be appointed to any office in the employ of said board of trustees, except the president, but the general manager, when such officer shall be appointed, shall be *ex officio* a member of the said board.

Sect. 8. Said board of trustees is hereby authorized to re-locate, where necessary, the tracks of said Troy and Greenfield Railroad, taking land therefor in the method prescribed by law in case of land taken for depot or station purposes, and to complete, extend and improve the construction and equipment of said railroad and tunnel, and to prepare the same in all respects for the reception of the traffic of a through line.

Sect. 9. The sum of five million dollars is hereby appropriated, to be expended under the direction of said board of trustees in carrying out the provisions of this act, to be paid to them from time to time as the same may be required and called for, by a two-thirds vote of said board of trustees, on the warrant of the governor. And

for the purpose of providing for said appropriation the treasurer of the Commonwealth is hereby authorized to issue scrip or certificates of debt in the name and on behalf of the Commonwealth to an amount not exceeding five million dollars, to be sold or disposed of in such manner, and at such times, and in such amounts, as the governor and council shall direct. Such scrip shall be redeemable in not less than twenty nor more than forty years from the date thereof, shall bear interest not exceeding six per cent. per annum, payable semi-annually, and shall be known as the "Hoosac Tunnel Railroad Loan"; and the property of the Commonwealth in the Troy and Greenfield Railroad is hereby set apart and pledged to the redemption of said scrip.

Sect. 10. Said board of trustees is hereby authorized and directed to lease in perpetuity, or for such term of years as the governor and council may approve, the franchises and property, and thereafter to maintain, improve and operate the railroad, with its branches, of the Vermont and Massachusetts Railroad Company, on the terms following: twenty-five per cent. of the gross earnings of said leased railroad and property shall be reserved annually by said board of trustees as a specific fund out of which they shall pay to said company, first, a sum sufficient to pay the interest on the indebtedness of said company, at the date of said lease, as said interest becomes due, and, second, a yearly rental equal to ten per cent. on the present capital stock of said company, free of all taxes upon the stock-

holders or said company (and on any additional stock, when the same shall be issued for existing convertible bonds), or such a proportion of said rental, not exceeding said ten per cent. and said taxes as said reserved fund shall be sufficient to pay: *provided, however*, that in no year shall there be paid to said company a rental of less than four per cent. on said capital stock, and said taxes together with the amount of said interest; and to the payment of such minimum rental and interest said board of trustees is authorized to pledge the faith of the Commonwealth. Said board of trustees is also authorized to assume and make provision in said lease for the payment of the principal of said indebtedness. The surplus of said reserved fund shall be annually passed by said board of trustees to the account of earnings. When said lease shall have been executed, and while the same continues in force, said Vermont and Massachusetts Railroad Company may elect, from time to time, for a term not exceeding five years, one trustee, who shall be added to said board of trustees, and, upon being sworn to the faithful performance of his duties, shall become an incorporated member of the State Board of Trustees of the Hoosac Tunnel Railroad; and said company may fill vacancies for the remainder of the term.

Sect. 11. Said board of trustees is hereby authorized and directed to lease in perpetuity, or for such term of years as the governor and council may approve, the franchises and property, and thereafter to maintain, improve and operate the railroad, with its branches, of the Fitchburg Rail-

road Company, on the terms following: twenty-five per cent. of the gross earnings of said leased railroad and property shall be reserved annually by said board of trustees as a specific fund, out of which they shall pay to said company a yearly rental equal to ten per cent. on the present capital stock of said company, free of all taxes upon the stockholders or said company, and also on an additional capital stock of one hundred thousand dollars, which said company is hereby authorized to issue and hold for its own benefit, or such a proportion of said rental, not exceeding said ten per cent. and said taxes, as said reserved fund shall be sufficient to pay: *provided, however*, that in no year shall there be paid to said company a rental of less than eight per cent. on said capital stock and said taxes; and to the payment of such minimum rental, said board of trustees is authorized to pledge the faith of the Commonwealth. The surplus of said reserved fund shall be annually passed to the account of earnings. When said lease shall have been executed, and while the same continues in force, said Fitchburg Railroad Company may elect, from time to time, for a term not exceeding five years, one trustee, who shall be added to said board of trustees, and, upon being sworn to the faithful performance of his duties, shall become an incorporated member of the State Board of Trustees of the Hoosac Tunnel Railroad; and said company may fill vacancies for the remainder of the term.

Sect. 12. Said board of trustees is hereby authorized and directed to lease the franchises

and property, and thereafter to maintain, improve and operate the railroad, with its branches, of the Troy and Boston Railroad Company, and shall pay therefor an annual rental equal to twenty-five per cent. of the gross earnings of said leased railroad and property. When said lease shall have been executed, and while the same continues in force, said Troy and Boston Railroad Company may elect, from time to time, for a term not exceeding five years, one trustee, who shall be added to said board of trustees, and upon being sworn to the faithful performance of his duties, shall become an incorporated member of the State Board of Trustees of the Hoosac Tunnel Railroad; and said company may fill vacancies for the remainder of the term.

Sect. 13. In estimating what shall constitute the said twenty-five per cent. of the gross earnings of said several leased railroads, out of which their rentals are to be paid, there shall be first deducted from twenty-five per cent. of their respective gross earnings, six per cent. per annum on all amounts expended by said board of trustees for the permanent improvement of said railroads respectively.

Sect. 14. Said Vermont and Massachusetts, Fitchburg, and Troy and Boston Railroad Comcanies are severally authorized to lease their franchises and property to said board of trustees.

Sect. 15. Said board of trustees is further authorized, with the approval of the governor and council, to lease or purchase necessary terminal facilities, and also to lease any railroad now built,

or that hereafter may be built, lying in the tunnel route between Boston and Lake Ontario.

SECT. 16. In the carriage of through passengers and merchandise, the rates of transportation shall be estimated pro rata per mile, and the Hoosac Tunnel shall be estimated at such length in miles, not exceeding fifty, as shall seem equitable to the trustees.

SECT. 17. In the management of such railroads as shall come under the operation of said board of trustees, there shall be no unequal discriminations in freights, fares or facilities in favor of or against different persons, places or connecting railroads.

SECT. 18. In case of the lease of the Fitchburg Railroad under the terms of this act, the said board of trustees is authorized and directed to purchase terminal facilities in Boston, westerly of the freight station of the Boston and Maine Railroad and to arrange with the Eastern Railroad Company for an interchange of stations in Boston in such manner as to obviate the necessity of passenger trains on the Eastern Railroad, Boston and Maine Railroad and Fitchburg Railroad crossing the tracks of the other, and the Eastern Railroad Company is hereby authorized, with the assent of said trustees, to take or purchase all the land, depot property and buildings of the Fitchburg Railroad Company, situated in Boston south of the channel or passage-way for vessels through the Fitchburg Railroad bridge over Charles River, said property to include all the draws and drawbridges over the passage-way for vessels.

Also all the property, land and buildings situ-

ated on the south-westerly side of the following line, to wit: beginning at a point on the northerly side of the above-mentioned passage-way for vessels twenty-two feet nine inches east of the easterly line of the roadway draw over said passage-way, and running northerly at right angles to said passage-way, one hundred and three feet five inches, to a point where said line intersects with the north-easterly line of said Fitchburg Railroad bridge over Charles River; thence northerly, following and coinciding with said north-easterly line of bridge, eight hundred and forty-eight feet; thence turning and running westerly to a point in the north rail of the north passenger track of the Fitchburg Railroad, distant four hundred and sixteen feet seven inches from the south-easterly line of Austin Street, measured on said north rail of the north track. Said point is also distant twenty-nine feet four inches at right angles from the southerly side of the wooden freight house (measured from a point sixty feet distant from the westerly end) belonging to the Fitchburg Railroad Company, on Front Street; thence southerly, crossing the Fitchburg passenger tracks at right angles to a point four feet distant south of the south rail of south passenger track; thence westerly on a curved line parallel with the south rail of the south passenger track, and four feet distant therefrom to the south-easterly line of Austin Street in Charlestown. And if the Eastern Railroad Company shall so take the said property of the Fitchburg Railroad Company, then the Fitchburg Railroad Company shall take or purchase all

the like property of the Eastern Railroad Company lying between the crossing of the Eastern and Fitchburg Railroads and Causeway Street in Boston, except the parcel of land to be taken by the Boston and Maine Railroad, as hereinafter provided; and in case of the taking or exchange of the tracks and property herein before described, or any part thereof, the said Fitchburg Railroad Company shall locate and construct such tracks and bridge structures on the westerly side of the present line of the Eastern Railroad as may be necessary to connect its railroad and tracks with the tracks and property so purchased or taken by it; and shall not thereafter cross either said Eastern Railroad or said Boston and Maine Railroad except for freight purposes.

And the Eastern Railroad Company shall locate and construct such tracks and bridge structures as shall be required to connect its present tracks northerly of its crossing with the Boston and Maine Railroad with the tracks and property so purchased or taken by it, keeping at all times east of a line drawn from a point on the easterly side of its present location, distant southerly three hundred and fifty feet, measured on said line from its intersection with the southerly side of Cambridge Street to the point of intersection of the northerly line of the state prison wharf with the easterly line of the location of the Boston and Maine Railroad, and thence keeping east of said easterly line of said location; and shall not thereafter cross the tracks of the Boston and Maine Railroad.

And the Eastern Railroad Company shall take any lands now belonging to the Boston and Maine Railroad in Charlestown or Somerville lying easterly of such new location; and the Boston and Maine Railroad shall take all the road-bed, land and property of the Eastern Railroad Company lying between the line above described for the westerly limitation of said new location of the Eastern Railroad and the westerly line of the old location of the Eastern Railroad, and the present northerly line of the Fitchburg Railroad: *provided, however*, that in case of the aforesaid taking and exchange of property by and between the Eastern and Fitchburg Railroads, the Boston and Maine Railroad shall release the Eastern Railroad Company from all damages for its taking and occupation thereof and take from the said Eastern Railroad Company so much of the premises described in the first section of the three hundred and fifty-sixth chapter of the acts of the year eighteen hundred and seventy-two, as was taken from the said Boston and Maine Railroad by said Eastern Railroad Company under the provisions of that act; and said Eastern Railroad Company shall, without other compensation therefor, release to said Boston and Maine Railroad all their rights in said premises acquired by them, taking the same under said act; and *provided, further*, that any exchange of land made under the provisions of this section shall take effect simultaneously.

All general laws relating to the taking of land for railroad purposes and to the location and construction of railroads, shall be applicable to and

govern the proceedings in the taking and exchange of lands and property, and in the making of any new locations under the provisions of the foregoing sections, except that instead of the county commissioners three disinterested persons shall be appointed by the supreme judicial court for the county of Suffolk as a board of commissioners to determine the values of the lands and property so taken and exchanged or over which any such location may be made, and to adjudicate the damages to be paid by any of the others upon the taking, exchange or locations aforesaid, from whose decision an appeal shall be to a jury in behalf of either party, as provided by law in the case of lands taken for railroad purposes.

Any sum of money received by the Fitchburg Railroad in said interchange of stations and tracks above the expense of necessary alterations shall be applied to procuring new terminal facilities and making improvements on said road or may be applied to the reduction of the capital stock of the Fitchburg Railroad Company in such manner as may be agreed between the Fitchburg Railroad Company and said board of trustees.

Sect. 19. This act shall take effect upon its passage.

SPEECH.

Mr. President:

I am deeply impressed with the great importance of the question now before us for consideration. It is not local, not sectional, nor political, but a question that affects more or less directly the industrial, the mercantile, the manufacturing, and the commercial interests of the whole Commonwealth. The proper solution of this great problem rests with us, as the representatives of the people; and it is a responsibility of no ordinary importance, and one that should control our serious and earnest attention and our candid and best judgment, unbiased by any local or personal interest, with a solemn regard to our oaths to support and maintain the constitutional rights of the people of the Commonwealth.

Stern convictions of duty alone induce me to address this honorable body on this occasion—duty that I feel incumbent upon me, Mr. President, from the honored position that I received at your hands. It is well known that I neither have or make any

claims as a public speaker, and I must ask your indulgence for being somewhat dependent upon my notes in presenting to you an honest statement of my own convictions of this great question, having no other interest to serve but the State and her people.

This important subject involves directly the whole question of the railroad policy of this Commonwealth; and here in Massachusetts the proper direction of the railroad policy is even more important than at the West, where it now engages the public attention almost to the exclusion of other interests.

Within the last fifty years this Commonwealth has almost entirely changed its industrial position. Half a century ago, agriculture, the fisheries, and commerce were the leading interests. Now, manufactures engross the attention of our people, and have made all other interests subordinate. They have not excluded other interests, but in a measure supplemented them. Our agriculture has changed and now finds its chief support in providing supplies for the manufacturing towns which have grown up in every part of the Commonwealth. Our commerce, both internal and external, is largely engaged in bringing to our doors the raw material for our laborers, and in spreading throughout the world the products of our manufacturing industry.

We can raise but a small proportion of the food necessary to feed the people of the State; under such circumstances the transportation must weigh heavily upon our industry. We feel it in the increased cost of living, which increases the cost of every article we produce. We feel it in the increased cost of the raw materials of our manufactures, which makes us less able to compete successfully with more favored locations. We feel it finally in the increased cost of marketing our goods. This position has been so well stated by the Railroad Commissioners in their report of 1870, page 39, that I may repeat it here:—

"It may safely be asserted that there is no branch of Massachusetts industry which is not carried on against competition more advantageously located. The State has very few natural advantages; but everything with her depends on the intelligence of her people, and the cost of transportation. The West, in producing cereals, has at least a soil of unsurpassed fertility: Pennsylvania in manufacturing iron has the ore and the coal in close proximity to the furnace. The English mill-owner has his power and his labor in cheap profusion. Almost every article, however, which enters into the industries of Massachusetts has to be brought within her limits from a distance. Her very water powers are subject to inclement winters and dry summers, while she has to make her ingenuity supply a deficiency in labor. Her food is brought from the North-West: her wool and her leather from South America, Texas, California and the Central States: her cotton from the South: her ores from the Adirondacks: her coal from Pennsylvania; her copper from Superior,—and the list

would admit of infinite extension. Massachusetts is thus merely an artificial point of meeting for all kinds and descriptions of raw material which is here worked up, and then sent abroad again to find a customer. At every point, coming and going, and in process of manufacture, it has to be transported, and it has to bear all costs of transportation in competition with articles of the same description produced elsewhere and by others. Every reduction of the transportation tax acts then as a direct encouragement to the industry of Massachusetts, just as much so as if it were a bounty or bonus: it is just so much weight taken off in the race of competition."

No words of mine can add any force to this plain statement of facts; but yet we are told that transportation is only *one* element in the cost and price of goods, and frequently not that of the greatest consequence, but the importance of this *one* element is fourfold, and often more, to the Massachusetts manufacturer, making the transportation of more importance in many cases than the cost of materials transported. This transportation tax is the *very* element that is to build up a competition in these favored localities that will either extinguish or transfer many classes of our industrial interests that we can ill afford to lose.

It is only necessary for one to travel West and South and observe the great development and success of the manufacturing interest in these sections to be convinced that New England cannot long hold the prestige as the "workshop" of the country

with so heavy a transportation tax imposed upon her industrial productions.

The importance of this ONE element will be more fully realized by the Eastern manufacturer when he finds that his Southern and Western rivals save it altogether by having the raw material at hand, and a home market with all the other elements (save skilled labor which can be transported) that make manufacturing industry profitable at a much less cost.

A combination of our manufacturers to establish cheap transportation, and the sale of their goods upon a home market, would be far more to their interest and profit than the exaction of an extra hour's labor and would confer a great blessing upon their overtasked employés.

EFFORTS TO REDUCE THE TRANSPORTATION TAX.

Since the railroad system was inaugurated in 1831, the statutes of this Commonwealth bear yearly evidence of the persistent and liberal policy pursued by the legislature toward the railroads.

It would be tedious to enumerate the many acts which have been passed loaning the credit of the State to aid the struggling corporations in establishing and completing their lines.

Almost all the leading lines in the State sought and obtained this aid, without which there must have been a great delay, if not failure in accom-

plishing these enterprises; and here let me say, that with the exception of the Hartford and Erie loan, and the losses arising from the repayment by the Eastern, and Norwich and Worcester railroads in legal tender instead of gold, there has never been a dollar lost by the railroad loans of the State. The result has been to build up a system of railroads, centering in the city of Boston, having no superior, if equal, for completeness on this continent. Massachusetts has more miles of railroad in proportion to population and territory than any similar extent of territory in America.

And there can be no question that the prosperity of the State has grown more from its railroad facilities, than from all other causes combined.

There is another class of legislation to which we cannot look with equal satisfaction. Every railroad charter contains provisions for the regulation of fares and freights; and yet since the railroads were established, no single act has been passed directly for this regulation.

The question has involved so great difficulties that no legislature has yet ventured to grapple with it. The tendency of legislation in that direction is obvious. Commissioners have been appointed to consider the subject and no result has followed. A Board of Railroad Commissioners has been formed, which has been productive of great

good both to the railroad corporations, and to the people.

This board has been directed to fully consider and report some plan of regulating fares and freights; and has reported that it cannot recommend any means of reducing this transportation tax, by direct legislation, but strongly advises the trial of State ownership, as the only means of attaining the desired end.

THE EFFECT IN OUR EXISTING SYSTEM.

While it may be said that under the present system of railroads, the Commonwealth has been prosperous, there are drawbacks and defects which need careful examination, and if possible a remedy. To those who are familiar with the condition of our manufactures, the most striking want is the failure of our home market for our productions.

We are tributary to New York in many ways. The great sale of our manufactured goods is made in New York, and goes to build up a rival city. Our great commission houses have been compelled to establish branches in New York, which in a short time have surpassed in business and in importance the home establishments.

If we could have kept at home the sale of our manufactured goods—have retained here in Boston the great houses through which the exchanges are

made—could have brought to New England the purchasers from the West and South, it would have vastly increased the prosperity of Boston and of New England.

Business can be done cheaper in Boston than in New York; and yet New York has drawn away from us a large proportion of our legitimate business,—the sale of our manufactured goods; and this loss can be directly attributed to a defect in our railroad system, which can and should be remedied. I say defect, but, more properly, the want of a strong and independent line of railroad through to the West, controlled in the interest of Massachusetts. Why, Mr. President, if we could withdraw from New York the firms and business that represent the sale of Massachusetts goods, it would more than cover the burnt district of this city, and double the business of Boston; and New York would feel that her loss was much greater than the Boston fire. And why is it that our goods are sent to New York to be sold? Simply because New York has *three* great trunk routes to the West, which control the transportation of the Southern and Western productions, and the owners, who are the merchants, follow their goods, and are the customers who purchase our manufactured goods of New York houses, and ship them in return over these same trunk lines, giving them a large and profitable business; which

should be and can be controlled, by proper management, in the interest and for the benefit of a through line or lines from Boston to the West.

To-day Boston is without a through and independent line to the West, and while we are shipping our goods to New York to be sold, to be transported over the great lines leading South and West, our *own* Western road, so called, in 1872, according to the annual report of the directors, carried through from Boston to Albany 112,071 tons of freight, and from Albany to Boston 556,-202 tons—more than four times as much *from* the West than is carried *to* the West; which state of things would be reversed if the sale of our goods was made here instead of New York; but this can only be accomplished by a through line West, controlled in the interests of Massachusetts, and not in the interest of New York.

A line to the Lakes in competition,—not with the Boston and Albany Railroad, as that is dependent upon the New York Central Railroad in a great measure for its Western freights,—but an independent line, so organized as to guard against any combination, that will force by competition the New York lines to give to the Boston and Albany and the Boston, Hartford and Erie Railroads less rates, making Boston a competing point, thus securing the advantages of four competing Western lines, including the great Northern line, which

must bring to our seaboard the products of the great West, and thus secure an exchange of trade that will increase the growth, and prosperity of Massachusetts, that will equal the prophecies of those who are called *visionary theorists.* It was by competition of the three great trunk lines running to New York—discriminating against Boston—that forced the removal of the sale of Massachusetts productions to that city; and it is estimated these sales amount o m re than two hundred and fifty millions of dollars per annum at the present time; and the golden opportunity is now at hand to restore in a great measure the advantages lost by not having a strong and efficient line of railroad leading to the great West, in the interest of the State.

THE RELATIVE ADVANTAGES OF BOSTON AND NEW YORK.

The great advantages of New York arise from the fact that it is a great emporium of exportation and importation. A very large proportion of the exports of the country have been made from New York. She has gained control of the export trade—and the export trade governs the import trade. Ships go where they can find a return cargo, and merchants follow their goods. The possession of the great bulk of the export trade, has given to New York the great bulk of importations, and

equally the control of the domestic trade. How can we, in Boston and Massachusetts, get our fair share of the importing and domestic trade of the country? There is but one way—by reducing the transportation tax. In many respects Boston has great advantages for the export trade. The chief exports of the country are to Europe. We are two hundred miles nearer Europe than any of the other of the great seaboard cities. We have a harbor unrivalled on the American coast for easy entrance—for depth of water—for protection from storms.

Its great water-front, at which vessels of burden may lie to an extent (as is stated by the Harbor Commissioners) of fifty miles—every foot of which is, or may be directly connected with our railroads. There is not a wharf along the whole circuit which may not, without great expense, be made available for the export of the productions of the country, brought by the railroad car to the side of the ship, which shall convey it to the freight market. If we can secure to Boston a fair share of the export trade of the country, the import and domestic trade will follow, and we ensure the building of a city within the limits of my friend's annexation project, that will equal the greatest city of the continent.

THE EFFECT ON THE STATE OF MAKING BOSTON AN EXPORTING CITY.

It is hardly necessary to allude to the close connection which Boston holds to Massachusetts. One-third of the population of the State and one-half its valuation are combined within a circle of five miles from this building. The prosperity of Boston is inseparable from the prosperity of Massachusetts. The recent calamity of Boston was felt throughout the limits of the State. But the great benefit to the State from making Boston an exporting city is not the prosperity of the city itself. It grows out of the condition which alone can make Boston a city of export for the productions of the country.

This can only result from a reduction in the transportation tax which will make such productions relatively cheaper in Boston than in New York. In the profits of such a result the remotest corner of the State will directly share. Transportation cannot be reduced to Boston without a corresponding reduction upon every line of railroad leading to or from this city. It was with a hope of such a result that the State entered upon the project of building the Hoosac Tunnel, and it rests with us to say, now that this great enterprise is so near completion, whether this hope can be realized.

THE HOOSAC TUNNEL.

It is needless to explain at any length what the Hoosac Tunnel is. There can be no member of this board who does not know that we in Massachusetts are separated from the West by a mountain barrier extending from near Long Island Sound to near the Canada line. This barrier must be passed to bring us into connection with the West.

It has been turned on the north by the Vermont Central, on the south by the Hartford and Erie. It has been passed over steep grades by the Boston and Albany. At North Adams it is compressed into narrow limits in the Hoosac Mountain, and the bold conception was formed to pierce directly through it at this point. First, the effort was made to accomplish the great undertaking by private capital, aided by a state loan. The difficulties were underrated and the plan failed. Finally, the State assumed the enterprise and has since, with varying fortunes but unfaltering energy, prosecuted it to a successful result. Within the current year there can be little doubt of the completion of the work. The Tunnel will be opened for traffic and a new line formed between Boston and the West, shorter by eleven miles than any existing route; with easy grades, which, making the usual allowance for the obstruction caused by

heavy grades to railroad traffic—will render it constructively shorter than any route by at least twenty miles, or ten per cent., between Boston and Albany.

Its cost to the State, including the Troy and Greenfield Railroad, will be at least twelve millions, raised by loans, on which the interest is paid by taxation. Since the plan of the Tunnel was formed new lines of road have been projected and built, connecting it with every part of the State, and there is scarcely a town from Berkshire to Provincetown, which does not to-day stand in position to reap its share of the benefit expected to follow the completion of this great public enterprise.

Having expended so large a sum on the Tunnel, the question arises, How shall we use it to derive the greatest good to the whole people? The State now holds, as owner substantially, the Troy and Greenfield Railroad and the Tunnel, at a cost of about twelve millions. Its value depends wholly upon the future development of business, but its relations are such to other railroad interests, that I have no doubt that, if the State desires to sell the Tunnel, notwithstanding its great cost, negotiations could be made to dispose of it at a price that would return to the State the moneys expended, but it would be at the risk of sacrificing the prosperity of its own industrial interests.

There are various and conflicting opinions expressed in regard to the business that may be done. Some parties who appeared before the committee declared that the completion of the Tunnel could only be compared to the removal of a dam, to be followed by a flood of business beyond our power to properly care for; while others were equally confident that the traffic now flowing through other channels would be diverted to the new one only through the influence of time and energetic labor. All, however, agreed in the opinion that, under proper management it was destined to become, at no very distant day, perhaps, the great avenue for trade between the East and West. The eagerness with which various railroad corporations seek its control by "*ways* and *means*," if honest, should be convincing proof of the great importance of the Tunnel to the public, and if not honest, it should merit the condemnation of every honest man in the community.

POSITION OF THE COMMITTEE.

On certain points the committee were unanimous. *First:* That the State should own and control the Tunnel in such manner as to secure to the whole State the ultimate benefit to be derived from its construction, and to secure to all persons and corporations seeking to use it, equal rights. *Second:* That to attain the highest benefit to be

derived from this new line, a corporation strong enough to provide sufficient equipment and terminal facilities should be formed, able to command connections with roads outside of the State and to compete with a fair share of success with the existing corporations. How best to attain these ends with a view to cheapness of transportation and efficiency of action the members of the committee differ. The majority reported a bill providing for the consolidation of the Boston and Lowell Railroad Company, the Fitchburg Railroad Company, the Vermont and Massachusetts Railroad Company, the Commonwealth and the Troy and Boston Railroad Company into one corporation, with authority to purchase or lease certain other roads, which will make a capital of not less than twenty-five to thirty millions and give control to about five hundred miles of railroad.

From this plan the minority have dissented and reported a plan which will place the direct line from Boston to Troy substantially under one direction, and subject it not to state management but to *state control.*

THE BILL OF THE MAJORITY.

To the bill reported by the majority of the committee we have the strongest objections.

First.—It sanctions an enormous inflation of

capital. It authorizes a consolidation upon the basis of an appraisal of the value of the several properties to be made by the parties themselves. The railroads of this Commonwealth are prohibited by law from making stock dividends, and yet here stock dividends are allowed to such extent as the parties think proper. One of the greatest impositions ever practised upon the public, from which the people of this Commonwealth now suffer, is the watered stock of the railroads between Albany and Chicago. The amount of stock in these roads issued without any equivalent, upon which our traffic is now taxed, is variously estimated at from forty-four millions to one hundred and five millions. The annual tax levied is from three millions to six millions, of which we pay a large share. The majority bill provides for just such a watering of stock, to the extent of perhaps ten millions, according to the appraisal by the parties in interest. We believe this to be all wrong, and should not be sanctioned by the Commonwealth.

Second.—We utterly dissent from the opinion of the majority in allowing the Boston and Lowell Railroad to come into such a consolidation. The Boston and Lowell forms no part of the Tunnel line. Every witness before the committee, except the agents of the corporations themselves, was emphatic against such a consolidation.

See	Governor Claflin's	testimony,	7th	Hearing,	page 26.
"	J. T. Joy	"	"	"	" 37.
"	C. F. Adams, Jr.,	"		"	"
"	N. C. Nash	"	9th	"	" 4.
"	Q. A. Vinal	"	14th	"	" 10.
"	Col. Faulkner	"	"	"	" 12.
"	J. W. Brooks	"	17th	"	" 13.

The Northern line has been of very great value to the business of Boston and Massachusetts; more than any other it has effected that reduction of rates which has returned to Boston within the past few years a portion of the export trade. It forms the shortest line at present existing between Boston and the Lakes, and while lake navigation is open substantially controls the rates over the other lines. Mr. Nathaniel C. Nash says (9th hearing, page 6), "We have derived more advantage from that line than from any other source." (See Railroad Commissioners' Report of 1870, page 36.) While the Lowell railroad provided the terminus and the representation in this Commonwealth, the other railroads in the line have coöperated in producing this result. It has cheapened food to the people of this Commonwealth, and of all New England. The Lowell Railroad is bound by contracts to continue in this Northern line for twenty years to come. Although some of the corporations are under financial difficulties, this does not affect the operations of the line. The railroads

still exist and must continue to do business, and so far as the advantage of the traffic extends, it matters little who owns or operates the railroads. So impressed are the majority of the committee with the importance of maintaining the northern line that they impose upon the Lowell Railroad Company, as they say, the conditions of withdrawing from the Northern line, and make provision for transfer of the business to another line—the Boston and Maine. They propose to do this in a manner which seems to us weak and futile. The majority bill provides for repeal of the charter of the Great Northern Railroad Company, passed in 1869, which authorized the Boston and Lowell Railroad Company to consolidate with certain companies in New Hampshire, with authority to lease or purchase other railroads leading to Ogdensburg and other points in the North and West, and lines of boats on the lakes. As all the other companies in this consolidated line are in New Hampshire this charter was ineffective without the coöperation of New Hampshire, and to this bill New Hampshire has never assented—not from any hostility to through lines, but because it contained objectionable features, such as the consolidation of competing lines, the creation of a monstrous corporation with power to combine in one gigantic monopoly all the railroads within her borders. This charter is mere waste paper, and its repeal would have no

more effect than the burning of waste paper. The Lowell Railroad remains bound by contracts to the Northern line, and the majority bill effectually places the Northern and Tunnel lines under one control. The proposal to transfer the Northern line and northern business to the Boston and Maine Railroad seems to us an absurdity. The Boston and Maine is practically an Eastern line; of its whole length, one hundred and twelve miles, only twenty-six could be used in connection with the Northern line. It never could or would give that exclusive attention to the business necessary to make such a line successful. Its only means of connection is over the Manchester and Lawrence Railroad, the grades of which are too heavy for a successful freight business with the West.

The Boston and Lowell Railroad is the natural terminus of this Northern line, and no legislation can remove it from this position. Moreover the majority bill, placing the Boston and Lowell Railroad and the Fitchburg in the same control, and authorizing a lease of the Cheshire, gives the consolidated company such a substantial control of the whole northern business that its transfer to the Boston and Maine would necessarily be followed by such disastrous competition as to preclude such a connection. It must inevitably result in a consolidation of the Tunnel and the Northern line

under one management. In creating a new line we destroy one which already exists.

Our true policy is to maintain unimpaired our four routes to the West, and under whatever management they may be, at all events maintain that they shall be independent of each other. If a consolidation is to be made of the Tunnel line we are clearly of the opinion that it should be of the direct line only between Boston and Troy, including the Fitchburg, Vermont and Massachusetts, Troy and Greenfield, and Troy and Boston, and the Massachusetts Central if it desires to form part of such a line. The Boston and Lowell Railroad, and Nashua Railroad should be studiously kept apart from such a line, because it forms no natural part, and does form a natural part of another line. It is urged that the possession of terminal facilities in Boston should be allowed a controlling influence in this matter; that the Boston and Lowell Railroad has obtained the only convenient terminus in Boston for a great Western line—more than is needed for its own business, or the business of the Northern line, and therefore that the railroad policy of the Commonwealth should be compelled to yield to its position. To this there are two answers.

First.—That these facilities were obtained for the Northern line, and by urgent representations of its necessities, and if they are not needed for

that business they should be transferred to other corporations that do need them.

The Commonwealth has full power in the case, and it is only necessary to invoke the same power which the majority bill gives the consolidation company to take property from the Fitchburg, to take from the Lowell Railroad Company the property which it now represents as not needed for its business which it has obtained under the representation of a public necessity.

Secondly.—The question of terminal facilities is too unimportant in itself to be permitted to determine in the least degree the decision of a great State policy; other facilities can be obtained as good as the Lowell.

Finally.—We object to the plan of the majority because it continues the policy of placing our last remaining line to the West under the control and management of a stock corporation.

It cannot be denied that there is great and widespread dissatisfaction with our present railroad system, and its management. We have tried in vain to control by special legislation, and it may well be acknowledged that the trial has not been very successful.

REGULATION BY SPECIAL LEGISLATION.

No system has ever been devised better calculated to introduce corruption into our state gov-

ernment than the present method of regulating railroads by special laws. Every senator knows what influences are brought to bear to promote and defeat the various projects of special legislation. No! Mr. President, I have over-stated—I am sure that no senator at this board does know *all* the "ways and means" that are used to influence members to secure votes for the passage of various bills in the interest of railroads. Every senator is aware how powerful and wide-spread is the pressure when public railroad legislation is under consideration. If these influences were confined to the questions of special or general railroad legislation, great as the evil is, it would not be irreparable. But unhappily the evil does not stop here. Hardly a question of special or general legislation is decided by either branch of the legislature without being affected in a greater or less degree by these railroad questions. It prolongs our sessions and fills our lobbies with the advocates of private corporations, and these special guardians of the rights of the people in the service and pay of railroad corporations astonish the members from the rural districts by their disinterestedness in their "labors of love" and benevolence—making their stay at the capital so pleasant and agreeable without money, but not without price—as to create a strong desire to serve the "dear people" another term, and obligations are exchanged that demand the presence

and service of these men. No! not men alone, but men and women at our town caucuses and conventions, that favors granted may be reciprocated in securing the nomination, and thereby the election of the men who are willing to be run by railroad interests.

If this state of things does not corrupt legislators, it is because legislators are incorruptible.

We know its results in other States, and we may well fear it here. Special legislation has totally failed in securing the results intended, and left behind a train of unmitigated evils which must increase with the increased magnitude of the railroad interest, and the growth of railroad corporations. The establishment of such a corporation as is provided for in the majority bill may well be dreaded. The creature will be more powerful than its creator.

CONTROL OF THE TUNNEL.

The committee were clear and unanimous in the opinion that the State should under no circumstances part with the absolute control of the Tunnel to a private corporation.

The majority bill is the first step in giving up the control of the Tunnel to a private corporation. It gives to that corporation control of the whole line, except the Tunnel; and entrusts it with the operators of the Tunnel itself.

The pressure upon the State to part with the Tunnel will grow with the increase of business; the whole power and usefulness of the line must rest in the hands of the corporation which owns the railroad entering the Tunnel on either side. I am not old in railroad tactics—but, Mr. President—with the bill reported by the majority of the committee, I think I should have no difficulty—with less than one-half of the amount of the money expended in the efforts to pass the bill—to capture the Tunnel from the State in three years, and it would be accomplished in such a manner through the representatives of the people, that no one would presume to question my honesty.

The Commonwealth, owning the Tunnel,—the most valuable portion of the line, the *key* to the whole line,—has no voice in its management except a minority in the board of direction; no voice in fixing rates, no influence in its operations. This is all placed in the hands of a private corporation, governed by stockholders, whose stock is at all times in the market, and may be purchased at any time by any parties who deem it for their interest to control the line. The corporation may at any time combine with existing corporations to fix rates, and thus the main object sought by the State in constructing the Tunnel—an independent and competing line—be defeated.

THE PURPOSES OF THE MINORITY.

The minority of the committee in the plan which they propose to the legislature, have had two purposes in view. *First:* Absolute and perpetual control of the Tunnel, built with the public money for the benefit of the people of the whole Commonwealth; and *second: state control* of the Tunnel line. I use the words *state control* designedly, as distinguished from state ownership, or state management.

State ownership of a railroad without state management is useless. State management may sink into political management which might be disastrous to the public, and to the railroad. But state control is a very different thing; precisely what legislatures have sought in vain to attain. We have endeavored to give it by special legislation, but all in vain; and yet just this is what we want.

The idea is too firmly fixed in the public mind to be eradicated without a fair and conclusive trial, that fares and freights are now too high—that cheap transportation *is* necessary, and can be furnished without interfering with a fair return for the capital invested. You cannot expect private corporations whose whole object is to make money for stockolders, to try this experiment fairly, and ascertain how cheaply transporta-

tion can be afforded. Railroad corporations do sometimes compete, but the sole object and purpose of such competition is eventual combination, and in that combination, the public must suffer. We want to establish a corporation which shall compete to increase its business without any ulterior view of combination to raise rates, and such a corporation is found under the plan presented by the minority of the committee.

THE MINORITY BILL.

This bill proposes first that the Troy and Greenfield Railroad and Tunnel shall remain the property of the State.

Second. That the State shall obtain by lease the control of the railroads forming the direct Tunnel line. We have reason to believe that this can be effected. We have assurances that the Fitchburg Railroad Company will assent to the terms of this bill. If the only result of this bill is to secure the control of the Fitchburg Railroad it will be worth the trial. The Fitchburg Railroad with its connection with the Tunnel, has a commanding position with reference to the railroads of the State. What we want to secure is a free system of competition, without the power of combination, which is now the bane of our railroad system, in the hands of private corporations.

Rates are now fixed to a remarkable extent by combination, and not by competition. Every business man knows that the freight rates between important points are fixed at meetings of freight agents, who consider not what is a fair price for rendering the service, but what will best pay the corporations which control the business.

The great need of the business community of Boston and Massachusetts, is a line to the West, making the nearest connection with the Lakes, which will do the business at fair and uniform rates, and which shall be managed in the interest of the public, and not of stockholders. Such a line can be secured under the provisions of the minority bill, which will establish a through line with power to connect with Lake navigation at Oswego, on Lake Ontario, and be substantially under state control. The necessity of extending the line to Oswego, to some point on the Lake is obvious, because every other railroad communicating with the West, except the Great Northern route, is now under the control of New York. At any Lake port navigation is open for seven or eight months in the year, and gives a direct communication with the great centres of Western commerce.

The Tunnel line ending at Troy can give little advantage over the present Western line—the Boston and Albany Railroad.

THE EFFECT OF STATE CONTROL OF THE TUNNEL LINE.

One great purpose of controlling one important line, is the effect upon other lines. Our system of railroads is so interwoven that all our railroads are to some extent competing, and the operation of one railroad by a corporation in the interest of the public will to a great extent control the whole railroad system of the State. The direct Tunnel line probably now occupies the most important controlling position of any in the State. It can be made a regulator of the Western business of the State. It can by its connections with the Cheshire and other Vermont and Massachusetts railroads, largely control the northern lines.

It will, by its many connections, bring the whole State in direct connection with the North and West. The great success of the so-called Belgium system is founded on this principle,—the control of the whole by the direct operation of a small portion. The position of our Massachusetts railroads is, in this respect, not unlike that of Belgium. Our railroads are so closely connected together that the state control of one road will be felt throughout the whole system.

THE POPULAR FEELING IN FAVOR OF STATE CONTROL.

It cannot be denied that the popular feeling has been steadily growing in favor of state operation of railroads in spite of all that has been said of the danger of corruption and of the inefficiency of state management. The people, confident in their own integrity and their own power, have not indistinctly shown their desire to fairly try the experiment, and the circumstances are more favorable for such an experiment than will probably again occur. The State now owns the important part of the line,—that part which is necessary to change the line from a disconnected local line of railroads to a great through line. It has been built at great cost. Its opening gives great value to the connecting roads. If it was worth the cost of construction, this value can only be shown by a development of business which will require a series of years, and will be attended with corresponding advantages to all connecting roads. This development of business can hardly be expected without substantially giving up the control of the Tunnel to the line which operates it. The majority bill does give such a control. We deem it the best way for the State retaining the Tunnel to obtain upon fair terms the control of the connecting roads, and fairly try the experiment of oper-

ating a railroad to ascertain how cheaply transportation can be furnished, and yet return a fair remuneration for the capital employed. The public demands such an experiment to be tried, and a better opportunity to try can never exist.

SAFETY OF THE EXPERIMENT.

Of this there can be no reasonable doubt, for a corporation formed under the provisions of the minority bill possesses all the advantages that can be obtained by consolidation under one private corporation, as authorized by the majority bill, and the additional advantages of state and corporate management combined, which would be efficient and reliable, beyond that of ordinary railroad corporations, inasmuch as their acts would be most carefully watched and criticised by others than stockholders, and the honor of securing a successful result to so great an experiment and enterprise in the interests of the people, would be a far greater incentive to even political ambition, than the compensation received; for "great deeds foreshadow great men," and the people are not slow in their rewards to those who are honest and earnest in their service.

Why, Mr. President, if I had the ability to manage this enterprise, I should hold the *honor* of making this enterprise in the interest of the State a success of more importance than the honor of

being the governor of Massachusetts. And when a man's reputation is thus at stake, he cannot afford to cheat himself by withholding from the State his best talents and energies. It has another and still greater advantage,—the endorsement of the Commonwealth of Massachusetts, which furnishes power and capital for terminal facilities, equipment and the improvement of the line at a cheaper rate than any consolidated company can procure it; and cheap capital in disinterested hands secures *cheap* transportation.

Can there be any doubt that a corporation thus formed and managed will prove a financial success? If not a success, then we have great reason to distrust a private corporation; with far less advantages, and a larger capital, for doing the same business must prove a financial failure.

To demonstrate this point in a more practical manner, we will assume a proposition and verify this proposition by figures.

Judging from the present local business now done on the several roads—forming what is anticipated as the Tunnel line, and the testimony of eminent railroad men of the business that is sure to come to this great through route to the West—it is fair to assume that the whole will do a business that will average *six millions* a year for the first five years; twenty-five per cent. of the gross earnings of the leased roads, and property

are reserved to provide for settlement of the conditions of the said leases; and as they are not guaranteed the payment of any amount beyond what their present business pays, can there be any doubt but what the twenty-five per cent. on the increased business will pay the six per cent. interest on the capital loaned to increase the facilities for extending the business over the line?

The Railroad Commissioners report that the average expenses of all the railroads of the Commonwealth is seventy-five per cent. of their gross earnings; but there is no doubt but what it can be proved that it cost less than seventy per cent. on the great trunk lines, and one of the oldest and most successful railroad managers assured me that this Tunnel line could be run for sixty per cent., but we will call it seventy per cent., which makes with the twenty-five per cent. ninety-five per cent., leaving five per cent. for net profit on the whole business of six millions, which is $300,000. What next? We have for the credit of the corporation or State, twenty-five per cent. of the gross earnings of the business done on the Troy and Greenfield Railroad and through the Tunnel. Calling the Tunnel twenty-three miles in length,—which it is conceded it should be called for what it saves in distance and grades,—and with the Troy and Greenfield Railroad, which is forty-four miles, we have one-third of the whole distance, and it is the judg-

ment of practical railroad men that out of the six millions of business, two millions would pass over this division and through the Tunnel; and twenty-five per cent. on two millions is $500,000 income, which, added to the $300,000, gives a net income of $800,000 to the State, which is nearly six per cent. on thirteen and one-half millions, the cost of the Tunnel and Troy and Greenfield Railroad, with an additional expenditure of one and one-half millions needed to make this division of the route what it should be as a part of the great through line. In proportion as the business increases, in that same proportion will the profits increase, and when the business shall amount to ten millions, which I have no doubt it will in less than ten years, you create a fund over and above the interest on the whole cost that can be used for extinguishing the debt, purchasing the stock of the leased roads, as the value is fixed by the terms of the lease, or for the reduction of rates of fares and freights. If this proposition will not bear investigation, pray tell me how the stockholders of the consolidated corporations are to receive dividends on their watered stock, with increased cost of improvements of the line, and equipment for doing the same business.

THE ALLEGED DANGER OF POLITICAL CORRUPTION.

A chief argument against the system proposed is the danger of political corruption likely to follow

the employment of a large number of men in public business.

Second.—It is alleged that the public management of any great public service is less efficient than private management.

The purpose of the minority of the Committee in proposing their plan, was to provide a corporate body removed as far as possible from political influence.

The State Trustees are appointed by the Governor and Council. They are appointed for *five* years. A single vacancy occurs each year. They hold nearly the same position in regard to the operatives employed in the operation of the corporation, as directors of corporations, and no one ever heard of directors exerting any great political influence, particularly State directors. I doubt if any director of any railroad corporation in the State ever knew or thought to influence the political vote of an operative.

If they choose, the managers of any private corporation could exert a greater and more injurious political influence than these State trustees.

If the power is dangerous in State trustees, who must be selected by your Governor, it is far more dangerous in the hands of persons elected by stockholders of a private, money-making corporation, whose interests are in direct antagonism to the interests of the public.

This argument applies to corporate management only with a much greater force. Let corporate management be unmasked and it would make State management hide its face with shame. (See extract New York State Committee on Erie.)

"If the principle is to be established that a few interested parties of stock-jobbers, having no permanent interest, can, by the corrupt use of money or by violence, take and hold possession of a great railroad corporation, and reimburse themselves out of its treasury, it is time the matter was understood by the public. As to the payment of money to influence legislation connected with said company, or other irregularities, the testimony was enough to show that the railroad companies have been in the habit of expending large sums from year to year, either to secure or defeat the passage of bills. It appears conclusive that a large amount, reported by one witness at $100,000, was appropriated for legislative purposes by the railroad interest in 1872, and that $30,000 was the Erie's portion. In this connection the committee denounce the lobby roundly. It is further in evidence that it has been the custom of the managers of the Erie Railroad from year to year in the past to expend large sums to control elections and to influence legislation. In 1868 more than one million dollers was disbursed from the treasury for 'extra and legal services.' What the Erie has done, other great corporations are doubtless doing from year to year. We have here simply an acknowledgment of the fact. Combined as they are, the power of the great moneyed corporations of this country are a standing menace to the liberties of the people. The railroad lobby flaunts its ill-gotton gains in the faces of our legislators, and in all our politics the debasing effect of its influence is felt."

This cry of political corruption against State management is but the resurrection of the old party *ghost* which has always been retained in the service of all political parties to frighten people that are naturally timid and conservative; and this terrible spectre has often been the means of delaying and defeating enterprises that were for the best interests of the people.

I remember, Mr. President, when this ghost was exhibited by the Democratic party in every town in this State; and the people were made to believe that the loan made by the State to the Boston and Albany (Western) Railroad would ruin the State; that every man's farm was mortgaged at nine dollars per acre; and men believed it, for that was in times when the people followed party leaders through faith; when it was said that the true test of the political faith of a New Hampshire Democrat was to wake him up with the inquiry, "Who made you?" and if he answered promptly, "Isaac Hill, sir," he was to be trusted as one of the faithful.

The effect of this great outcry was to destroy confidence in the enterprise and the stock at one time could not be *given* away for fear of assessments. And if the people at that time could have been guaranteed that the loss of the State should not exceed the four million loaned, they would have gladly given another million as a guarantee.

But they could not rid themselves of the supposed burden, and the result has been the development of a great enterprise in the interests of the State in spite of their fears. This was in a measure to the credit of State management.

As to the efficiency of the plan, it remains to be tried; but in the language of the minority report we believe such a management would be efficient and reliable beyound that of ordinary railroad corporations. It combines State control with corporate management.

The Governor and Council could be depended upon to appoint suitable persons as trustees. The railroad corporations would naturally appoint their most efficient agents as trustees. Such a board could find no difficulty in securing the services of the ablest railroad officers to direct and aid in the management.

As the plan has no precedent it cannot be judged from the record, and the prejudice existing against State management cannot fairly apply to this plan; but if it could have a fair trial we have no doubt of its efficiency and success; and we are not alone in this opinion, for this plan has received the full endorsement of eminent railroad managers, successful and prominent manufacturers and merchants, and the Chairman of the Railroad Commissioners, together with many of our most enterprising and conservative citizens.

STATE PENSIONERS.

It is urged that the plan proposed creates a large class of state pensioners to whom the revenues of the treasury are pledged. They are State pensioners in the same sense as any individual who leases property to the State for a fixed rent, is a State pensioner. Every railroad charter contains a provision for the acquisition of the corporate property by the State, by payment of its presumed value. As well say that all these charters are pension bills.

The minority bill simply provides that stockholders yielding their property to the State, shall have a remuneration for the property surrendered. It makes little difference to the individual whether his compensation comes in the form of the payment of a fixed sum or of an annual annuity. It does make some difference to the State, whether it increases a debt to pay off these stockholders at once, or pays such interest as the property acquired may be fairly presumed to earn. The guarantee does not exceed the dividends which the property may be expected to earn, and the advantage which a lease gives over a purchase by avoiding the transfer and changing of capital should not be overlooked.

In a word, these stockholders are pensioners only in the sense that they become entitled to

secure annuities from the State for which they pay beforehand a full equivalent into the treasury.

THE BENEFITS OF THE PROPOSED PLAN.

It makes absolutely certain the perpetual control of the Tunnel for the benefit of the people of the whole State.

It secures to the people by whose money it has been built, the ultimate value of the enterprise, whatever that value may prove to be.

It secures to the people an independent Western line, to be managed for the benefit of the people, free from any danger of combinations by which rates are fixed.

It secures to all corporations desiring to use the Tunnel, equal rights.

It secures a line stronger than any other, amply able to provide equipment and facilities, and to compete with powerful corporations in neighboring States.

It fixes the capital of the corporation without danger of inflation, and without risk of speculative control.

It enables the people to try fairly the experiment of cheap transportation.

It provides equally with the plan of the majority for the interchange of depots, by which the crossings at the north side of the city may be avoided.

If only one-half of these advantages can be

gained the experiment is worth trying. If it succeeds and our expectations are fully realized, it will confer upon the people the greatest boon since the introduction of railroads.

Senators will bear me witness that I have never solicited their vote on any personal consideration, and in the decision of this great question, I can only appeal to you as legislators to record your votes in accordance with your convictions of duty to the people of this Commonwealth, and for the protection of her six hundred millions of industrial interests; unbiased by any local or personal interest, keeping in mind that there is no power but that of the State that is safe to trust in the great exigency that now exists.